

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of)
the Licenses to Conduct Gambling Activities of:)
)
Fraternal Order of Eagles #02327)
Monroe, Washington,)
)
Licensee.)

NO. CR 2014-00583

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR AN ADJUDICATIVE
PROCEEDING**

I.

The Washington State Gambling Commission issued Fraternal Order of Eagles #02327, organization number 00-00467, the following licenses:

- Number 05-02498, authorizing Class "B" Punchboard Pull-Tab activity; and
- Number 08-00201, authorizing Class "A" Combination activity.

The licenses expire on June 30, 2014, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

Mark Harris, Assistant Director of the Washington State Gambling Commission, charges the licensee with the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

SUMMARY:

Fraternal Order of Eagles #02327 (FOE) failed to keep all of the winning pull-tabs for the required length of time, failed to ensure some winners printed their names on the pull-tab or winner's record, and failed to produce accurate monthly income summaries.

FACTS:

1) On March 10, 2014, a Washington State Gambling Commission Special Agent (agent) began a pull-tab compliance module at the FOE #02327 in Monroe. The agent met with Michol Phillips, Treasurer, and Cindie Gunwall, Non-Profit Gambling Manager. The inspection required the agent to look at monthly income summaries¹ from the 4th quarter of 2013. The agent requested to see two pull-tab games that had been removed from play.

¹ Monthly Income Summary- After a pull-tab game is removed from play, pull-tab operators must record all sales associated with the pull-tab game on this record. Pull-tab operators must complete this record in the format the Commission requires.

- 2) The agent reviewed the pull-tab games in play and noticed that it was difficult to read at least 10 of the pull-tab winners because their names were not printed.
- 3) For the game "Out to Lunch," the agent determined FOE sold 72 more tabs than their records indicated and their prizes paid were \$215 less than their records indicated, for a net difference of \$287. For the game "Slot Candy," the agent determined the licensee sold 14 more tabs than their records indicated and their prizes paid were \$30 less than their records indicated, for a net difference of \$44.
- 4) The agent requested two additional games. The game, "That's All Folks" and a second game "Slot Candy" (Slot Candy #2) both showed a cash overage on their monthly records. The agent noted Slot Candy #2 showed significant difference between what was reported on the monthly income summary and what was noted during her review. In Slot Candy #2, the agent noted the records indicated the licensee paid \$3,728 in cash prizes, but a review of the game indicated that the prizes paid were actually \$3,588, a difference of \$140.
- 5) The monthly record for the game "Out to Lunch," removed from play in November 2013, showed the licensee had paid out \$1,168 in prizes, but the review showed they only retained winning tabs totaling \$953. This was a difference of \$215.
- 6) The agent opened the remaining 2,145 pull-tabs for "Out to Lunch," which hadn't been purchased. The agent totaled "upper tier" tabs, which were greater than \$20 that had been unopened. They totaled \$375. According to the flare, the game had a total of \$525 in upper tier prizes available. By subtracting the unopened upper tier winning tabs from \$525, the agent was able to determine \$150 in upper tier winning tabs were redeemed by winners while the game was in play. This means the licensee failed to retain winning pull-tabs totaling \$215.

ADMINISTRATIVE HISTORY:

The licensee was issued a warning letter (2013-00225) for the following violations:

- WAC 230-14-100 (1) Failure to permanently and conspicuously delete winning prizes over \$20 from flares.
- WAC 230-14-110 (1) Failure to have all winners print their name and date of birth on winning tabs over \$20.
- WAC 230-14-285 (1) Failure to maintain an accurate monthly income summary report.
- WAC 230-07-090 (1)(f)(iii) Failure to deposit net gambling receipts no later than two banking days.
- WAC 230-07-090 (1)(g) Failure to record Washington State identification number on deposit slip.
- WAC 230-07-115 (1) Failure of nonprofit gambling manager to be knowledgeable of gambling rules
- WAC 230-07-115 (3)(c) Failure of gambling manager to ensure all records are completed and correct
- WAC 230-07-115 (5) Failure of gambling manager to safeguard funds until directly deposited

- WAC 230-14-284 Failure to maintain an accurate activity report.

The licensee was issued Statement of Charges (2012-00959) for the following violations:

- WAC 230-14-100 (1) Failure to permanently and conspicuously delete winning prizes over \$20 from flares.
- WAC 230-14-110 (1) Failure to have all winners print their name and date of birth on winning tabs over \$20.
- WAC 230-14-285 (1) Failure to maintain an accurate monthly income summary report.
- WAC 230-07-090 (1)(f)(iii) Failure to deposit net gambling receipts no later than two banking days.
- WAC 230-07-090 (1)(g) Failure to record Washington State identification number on deposit slip.
- WAC 230-07-115 (1) Failure of nonprofit gambling manager to be knowledgeable of gambling rules
- WAC 230-07-115 (3)(c) Failure of gambling manager to ensure all records are completed and correct
- WAC 230-07-115 (5) Failure of gambling manager to safeguard funds until directly deposited
- WAC 230-14-284 Failure to maintain an accurate activity report.
- WAC 230-03-085 (1)(8)(a) Denying, suspending, or revoking an application, license or permit.
- RCW 9.46.075 (1)(8) Gambling Commission - Denial, suspension or revocation license, permit.

The licensee was issued Statement of Charges (2011-01357) for the following violations:

- WAC 230-07-125 (1)(b) Failure to keep a set of permanent monthly records for gambling activities.
- WAC 230-14-284 Failure to complete activity report in the format we require.
- WAC 230-14-285 (1) Failure to prepare detailed monthly income summary.
- WAC 230-03-235 (2) Failure to have a licensed charitable or nonprofit gambling manager.
- WAC 230-07-090 (1)(f)(iii) Failure to deposit net gambling receipts no later than two banking days.
- WAC 230-07-090 (1)(g) Failure to record WSGC identification number on deposit slip.
- WAC 230-03-085 Denying, suspending, or revoking an application, license or permit.
- RCW 9.46.075 Gambling commission -- Denial, suspension, or revocation of license, permit.

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The licensee was issued a Notice of Violation and Settlement (NOVAS)² (2011-00221) for the following violation:

- WAC 230-14-284(2) Failure to submit an activity report.

The licensee was issued a NOVAS (2010-01007) for the following violation:

- WAC 230-14-284(2) Failure to submit an activity report.

VIOLATIONS:

1) RCW 9.46.075 Denying, suspending, or revoking a license or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsection applies.)

(1) Violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

2) WAC 230-03-085 Denying, suspending, or revoking a license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

3) WAC 230-14-110 Recording winners.

When punch board or pull-tab players win more than twenty dollars or merchandise prizes with a retail value over twenty dollars, operators must make a record by:

(The following subsection applies.)

(1) Having winners print their name and date of birth, in ink, on the side of the winning punch or tab opposite the winning symbol(s) and verifying the winner's identity and recording the current date and initialing the winning punch or tab.

² NOVAS- Notice of Violation and Settlement identifies the violation and gives the licensee the opportunity to pay a fine to settle the matter.

4) WAC 230-14-265 Retention requirements for punch boards and pull-tab series.

(The following subsections apply.)

(1) Punch board and pull-tab operators must keep all punch boards or pull-tab series removed from play, including, at least:

(c) All winning punches or tabs.

(4) Operators must retain punch board or pull-tab series removed from play for:

(a) Charitable or nonprofit operators - Four months following the last day of the month in which the board or series was removed from play.

5) WAC 230-14-285 Monthly income summary.

(The following subsection applies.)

(1) Punch board and pull-tab licensees must prepare a detailed monthly income summary for punch board and pull-tab series removed from play in the format we require either manually or electronically.

Fraternal Order of Eagles #02327 (FOE), failed to keep all of the winning pull-tabs for the required length of time, failed to ensure some winners printed their names on the pull-tab or winner's record, and failed to produce accurate monthly income summaries, in violation of WAC 230-14-110, WAC 230-14-265, and WAC 230-14-285. Therefore, grounds exist for the suspension or revocation of FOE #02327's license to conduct gambling activities, based on RCW 9.46.075(1) and WAC 230-03-085(1) and (3).

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III.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

The licensee will have the opportunity to have a hearing on the alleged violations.

In order to have a hearing or discuss settlement options, the enclosed request for hearing must be completed and returned to the Gambling Commission **within 23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to timely return a request for hearing will result in the entry of a default order REVOKING YOUR LICENSES.

IV.

I have read this Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding, know the contents of it, believe it to be true, and have executed this Notice in my capacity as Assistant Director of the Washington State Gambling Commission.

Dated 5/29/14

Mark Harris

MARK HARRIS, ASSISTANT DIRECTOR

STATE OF WASHINGTON)
COUNTY OF THURSTON)

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 29 day of May, 2014.

Maurice P. Pirella